



April 11, 2014

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337; AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition; Petition of NTCA for a Rulemaking to Promote and Sustain the Ongoing TDM-to-IP Evolution, GN Docket No. 12-353; Technology Transitions Policy Task Force, GN Docket No. 13-5*

Dear Ms. Dortch:

On Wednesday, April 9, 2014, the undersigned, on behalf of NTCA–The Rural Broadband Association (“NTCA”), met separately with: (1) Nicholas Degani, legal advisor to Commissioner Ajit Pai; (2) Priscilla Delgado Argeris, legal advisor to Commissioner Jessica Rosenworcel; (3) Amy Bender, legal advisor to Commissioner Michael O’Rielly; and (4) Rebekah Goodheart, legal advisor to Commissioner Mignon Clyburn. In each of these meetings, we discussed potential reforms of to the high-cost universal service program.

NTCA continues to encourage the Federal Communications Commission (the “Commission”) to implement as soon as possible updates to the existing high-cost rules that strike an essential balance between preserving and advancing universal service in areas served by rural, rate-of-return-regulated local exchange carriers (“RLECs”). Such updates must ensure that predictable and sufficient support is available both for recovery of prior investments consistent with rules in place at the time those investments were made, and also for the additional future investments that are essential to ensure access by rural consumers to reasonably comparable services at reasonably comparable rates going forward. Such changes must be tailored to the challenges faced by smaller providers that operate exclusively in rural areas, crafted carefully to avoid disruptions in existing support through well-managed transitions, and must ensure that broadband-capable networks are eligible for support even if a given consumer might choose not to purchase voice telephony services that are (and still should be) required to be offered atop those networks. NTCA expressed its eagerness to engage in a more in-depth conversation with the Commission regarding the proposal that NTCA and other rural telecom stakeholders have submitted and potential paths forward to fulfill the mission of universal service faithfully and in all respects. *See, e.g., Ex Parte Letter from Michael R. Romano, Sr. Vice President-Policy, NTCA, to Marlene H. Dortch, Secretary, Federal Communications Commission (the “Commission”), WC Docket No. 10-90, et al., (filed March 31, 2014).*

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NTCA further urged the Commission to proceed with substantial caution with respect to consideration of any policies that might be based upon or affected by the purported presence of an “unsubsidized competitor.” NTCA noted that the Commission and industry continue to grapple with many questions as to the accuracy and implementation of such policies even in price cap-regulated areas. Moreover, with respect to potential adoption and application of any such policies in RLEC areas, numerous further questions raised over the past several years remain outstanding, including: (1) the need for better definition of such a proposal (including a more surgical and thoughtful analysis of what constitutes an “unsubsidized competitor”); and (2) the ultimate effect of such a policy on consumers and carrier of last resort obligations in vast rural areas. *See, e.g.*, Opposition of NTCA to Petition for Partial Reconsideration, WC Docket No. 10-90 (filed Aug. 7, 2013).

NTCA also raised questions with respect to potential further changes to universal support for competitive eligible telecommunications carriers (both wireline and wireless), specifically where those entities may be the only carriers in a given area that actually offer both voice and broadband services at rates and performance levels that the Commission has deemed to constitute universal service. NTCA encouraged examination of the impact of any possible rule changes on those smaller rural carriers that have leveraged universal service support to “edge out” from RLEC incumbent study areas into other areas as competitors and as a result now serve, in effect, as the “incumbent” by offering a full suite of quality and affordable voice and broadband services to such locations.

Furthermore, NTCA urged the Commission to ensure that, regardless of the type of consumer to be served, any request for service from a consumer would be deemed reasonable for purposes of giving rise to any performance obligation on the part of a carrier to the extent that the carrier determines that predictable and sufficient cost recovery can be obtained with respect to that location. In making an assessment of the prospect of such cost recovery, a carrier should be permitted to include both what support may be currently available under current universal service and intercarrier compensation (“ICC”) rules, as well as taking into account the potential effect of reforms still pending that could in the future reduce universal service support or ICC revenues.

Finally, NTCA asked the Commission to take action with respect to the “local rate floor” consistent with recent correspondence. *See, e.g.*, *Ex Parte* Letter from Shirley Bloomfield, Chief Executive Officer, NTCA, to Chairman Thomas Wheeler, WC Docket No. 10-90 (filed Mar. 21, 2014); Reply Comments of NTCA, *et al.*, WC Docket No. 10-90 (filed Mar. 31, 2014).

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President – Policy

cc: Nicholas Degani
Priscilla Delgado Argeris
Amy Bender
Rebekah Goodheart